GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:421
ANSWERED ON:03.02.2017
Levying Convenience Charges on Cards
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Will the Minister of FINANCE be pleased to state:

(a) whether the Government has issued any circular to foreign companies involved in digital transaction not to charge any service charges from common people doing digital transaction, if so, the details thereof and if not, the reasons therefor;
(b) whether the Government has been charging the common people any form of service charges for carrying the transactions digitally, if so, the details thereof;
(c) the details of the charges levied for carrying out digital transaction through various systems of digital transactions available for the common people;
(d) whether the Government has information that State Bank of India is levying convenience Charges from Credit/Debit Card users for recharging of their metro cards even in the wake of Government's efforts for promoting plastic currency and e-wallets, if so, the details thereof; and
(e) the action taken/being taken by the Government in this regard?

Answer

The Minister of State in the Ministry of Finance

(a) No.
(b) In terms of Office of Controller General of Accounts Office Memorandum dated 14.12.2016, the applicable Merchant Discount Rate (MDR) charges on debit cards for payment up to Rs. 1 lakh shall be absorbed by the Government. In terms of Department of Public Enterprises letter dated 9.12.2016, all Central Public Sector Enterprises (CPSEs) are required to ensure that transaction fees, MDR charges associated with payment through digital means shall not be passed on to the consumers and all such expenses shall be borne by CPSEs.
(c) The details of the charges levied on digital payments are at Annex.
(d) and (e) State Bank of India has apprised that it does not levy any convenience charges on users for recharging Mumbai Metro cards using various Banking Channels, and that in respect of DMRC cards, MDR is to be charged to customers as service charges.

ANNEX
CHARGES ON DIGITAL PAYMENTS
(Note: 1) All percentages are expressed as percentage of transaction amounts; 2) ST = Service Tax)
MODE TRANSACTION VALUE CHARGES
Debit Card Merchant Discount Rate (MDR) on transactions up to Rs. 1000/- 0.25%
MDR on transactions from Rs. 1000/- to 2000/- 0.50%
MDR on transactions above Rs. 2000/- 1% + ST
Credit Card MDR on transactions up to Rs. 2000/- Market Determined
MDR on transactions above Rs. 2000/- Market Determined + ST
Immediate Payment Service (IMPS) IMPS transactions up to Rs. 1000/- 0%
IMPS transactions from Rs. 1000/- to 25000/- Not in excess of NEFT + ST
IMPS transactions above Rs. 25000/- Not in excess of NEFT + ST
Unified Payments Interface (UPI) Person to Person Transactions Same as IMPS
Person to Merchant transactions up to Rs. 1000/- 0%
Person to Merchant transactions from Rs. 1000/- to 2000/- Not in excess of NEFT + ST
Person to Merchant transactions above Rs. 2000/- Not in excess of NEFT + ST
Unstructured Supplementary Service Data (USSD) USSD transactions up to Rs. 1000/- 0%
USSD transactions above Rs. 1000/- Not in excess of NEFT − 50p + ST
National Electronic Funds Transfer (NEFT) NEFT transactions up to Rs. 10000/- Rs. 2.50 + ST
NEFT transactions from Rs. 10000/- to 1 lakh/- Rs. 5 + ST
NEFT transactions from Rs. 1 lakh/- to 2 lakh/- Rs. 15 + ST
NEFT transactions above Rs. 2 lakh/- Rs. 25 + ST
Real Time Gross Settlement (RTGS) RTGS transactions from Rs. 2 lakh/- to 5 lakh/- Rs. 30 + ST
RTGS transactions above Rs. 5 lakh/- Rs. 55 + ST

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